

**BEFORE**  
**THE PUBLIC SERVICE COMMISSION OF**  
**SOUTH CAROLINA**  
**DOCKET NO. 2010-35-W**

**August 26, 2010**

IN RE: Application of Pine Haven Water	)	
System for an Establishment of	)	
Water Rates and Charges for the	)	<b>JOINT REQUEST FOR</b>
Provision of Water Service in Pine	)	<b>SETTLEMENT HEARING</b>
Haven Subdivision and Garrett's	)	
<u>Landing Subdivision in York County)</u>		

The South Carolina Office of Regulatory Staff ("ORS") and Pine Haven Water System ("Pine Haven" or "the Company") (collectively "the Parties") pursuant to 26 S.C. Code Ann. Regs. 103-829 (Supp. 2009), the Settlement Policies and Procedures of the Public Service Commission of South Carolina ("the Commission"), and other applicable statutes, rules and regulations, hereby file this Joint Request to establish a settlement conference in the above-captioned proceeding and for approval of the Settlement Agreement. In support of this Joint Motion, the Parties state as follows:

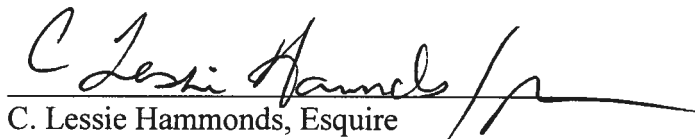
1. On or about April 28, 2010, the Company filed an Application for the Establishment of Rates and Charges for the Provision of Water Services in Pine Haven and Garrett's Landing Subdivisions in York County.
2. The above-captioned proceeding has been established by the Commission pursuant to S.C. Code Ann. §58-5-240 (Supp. 2009) and 26 S.C. Code Ann. Regs. 103-712.4.B (2009).
3. ORS examined the books and records of the Company relative to the matters raised in the Application and conducted a site visit.

4. ORS and Pine Haven are the only parties of record in the above-captioned docket.
5. Following discussions concerning the issues in the above-captioned proceeding, Pine Haven has determined that its interests, and ORS has determined that the public interest, would best be served by stipulating to a comprehensive settlement of all issues pending in the above-captioned proceeding. The Agreement detailing the terms and conditions of the settlement is provided as Attachment "A."
6. In order to present the merits of the Settlement Agreement to the Commission, the Parties jointly move that the Commission commence a settlement hearing on September 22, 2010, the date of the hearing scheduled in this docket. Ms. Hannah Majewski on behalf of ORS will provide settlement testimony in support of this Settlement Agreement. Ms. Majewski's Settlement Testimony is provided as Attachment "B."
7. The Parties submit that the Settlement Agreement produces a fair and reasonable outcome. The Parties request that the Commission grant its approval of the Settlement Agreement as being in the public interest.

WHEREFORE, having fully set forth their Joint Motion, the Parties request that the Commission: 1) permit the Parties to present the merits of the Settlement Agreement on September 22, 2010; and 2) issue an order approving the Parties' Settlement Agreement as just, fair and reasonable.

WE SO MOVE:

**Representing and binding the Office of  
Regulatory Staff:**

A handwritten signature in black ink, appearing to read "C. Lessie Hammonds", followed by a long horizontal flourish.

C. Lessie Hammonds, Esquire

**South Carolina Office of Regulatory Staff**

1401 Main Street (Suite 900)


Columbia, SC 29201

Phone: (803) 737-0803

Fax: (803) 737-0895

E-mail: [lhammon@regstaff.sc.gov](mailto:lhammon@regstaff.sc.gov)

**Representing and binding Pine Haven  
Water System:**



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Carroll Norman

767 Pine Haven Circle

Clover, SC 29710

Phone: 803-222-3334

Fax: 866-515-1352

Email: [bgtnorm@yahoo.com](mailto:bgtnorm@yahoo.com)

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WHEREAS, ORS has examined the books and records of the Company relative to the matters raised in the Application and has conducted a site visit;

WHEREAS, the Parties to this Settlement Agreement are parties of record in the above-captioned docket and there are no other parties of record in the above-captioned proceeding;

WHEREAS, the Parties have engaged in discussions, to determine whether a settlement of this proceeding would be in their best interests and in the public interest;

NOW, THEREFORE, the Parties hereby stipulate and agree to the following terms, which, if adopted by the Commission in its Order on the merits of this proceeding, will result in rates and terms and conditions of water service which are adequate, just, reasonable, nondiscriminatory, and supported by the evidence of record of this proceeding, and which will allow the Company the opportunity to obtain a reasonable operating margin.

1. The Parties stipulate and agree that a flat rate of \$40.00 per month for residential water service, a flat rate of \$10.00 per month for the months of April through September for in-ground sprinklers, and a flat rate of \$10.00 per month for the months of April through September for pools with filter systems are just and reasonable rates. A \$35.00 reconnection fee will apply to reconnect service. There will be no water tap fee.

2. The Parties stipulate and agree that the rates contained in the rate schedule attached as Exhibit One to this Settlement Agreement are reasonably designed to allow the Company to provide service to its water customers at rates and terms and conditions of service that are fair, just and reasonable and provides the opportunity to recover the revenue required to earn a fair operating margin.

3. The Parties agree that the ORS shall have access to all of the books and records of this system and shall perform an examination of these books as necessary.



9. The Parties agree to stipulate into the record the pre-filed direct testimony of W. Carroll Norman on behalf of Pine Haven and the settlement testimony of Hannah Majewski on behalf of ORS in support of this Settlement Agreement.

10. ORS is charged by law with the duty to represent the public interest of South Carolina pursuant to S.C. Code § 58-4-10(B) (added by Act 175). S.C. Code § 58-4-10(B)(1) through (3) reads in part as follows:

... 'public interest' means a balancing of the following:

- (1) concerns of the using and consuming public with respect to public utility services, regardless of the class of customer;
- (2) economic development and job attraction and retention in South Carolina; and
- (3) preservation of the financial integrity of the State's public utilities and continued investment in and maintenance of utility facilities so as to provide reliable and high quality utility services.

ORS believes the agreement reached between the Parties serves the public interest as defined above. The terms of this Settlement Agreement balance the concerns of the using public while preserving the financial integrity of the Company. ORS also believes the Settlement Agreement promotes economic development within the State of South Carolina. The Parties stipulate and agree to these findings.

11. The Parties agree that by signing this Settlement Agreement, it will not constrain, inhibit or impair in any way their arguments or positions they may choose to make in future Commission proceedings. If the Commission should decline to approve the Settlement Agreement in its entirety, then any Party desiring to do so may withdraw from the Settlement Agreement without penalty.

12. This Settlement Agreement shall be interpreted according to South Carolina law.



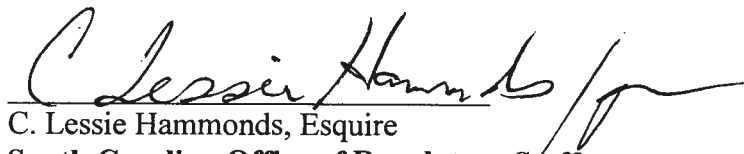
13. Each Party acknowledges its consent and agreement to this Settlement Agreement by authorizing its counsel to affix his or her signature to this document where indicated below. Counsel's signature represents his or her representation that his or her client has authorized the execution of this Settlement Agreement. In the event any party to this Agreement is not represented by counsel, party hereby acknowledges the opportunity to retain and consult party's own counsel and acknowledges party's intent to execute and fully comply with the terms of this Agreement. Facsimile signatures and email signatures shall be as effective as original signatures to bind any party. This document may be signed in counterparts, with the various signature pages combined with the body of the document constituting an original and provable copy of this Settlement Agreement.

14. The Parties represent that the terms of this Settlement Agreement are based upon full and accurate information known as of the date this Settlement Agreement is executed. If, after execution, either Party is made aware of information that conflicts, nullifies, or is otherwise materially different than that information upon which this Settlement Agreement is based, either Party may withdraw from the Settlement Agreement with written notice to the other Party.

[SIGNATURE PAGES TO FOLLOW]

WE AGREE:

**Representing and binding the Office of Regulatory Staff**

A handwritten signature in cursive script, appearing to read "C. Lessie Hammonds", is written over a horizontal line.

C. Lessie Hammonds, Esquire

**South Carolina Office of Regulatory Staff**

1401 Main Street, Suite 900

Columbia, SC 29201

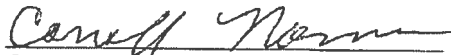
Phone: (803) 737-0803

Fax: (803) 737-0895

E-mail: [lhammon@regstaff.sc.gov](mailto:lhammon@regstaff.sc.gov)

WE AGREE:

**Representing and binding Pine Haven Water System**



Carroll Norman

767 Pine Haven Circle

Clover, SC 29710

Phone: (803) 222-3334

Fax: (866) 515-1352

Email: [bgtnorm@yahoo.com](mailto:bgtnorm@yahoo.com)

**THE OFFICE OF REGULATORY STAFF  
SETTLEMENT TESTIMONY**

**OF**

**HANNAH K. MAJEWSKI**

**AUGUST 26, 2010**



**DOCKET NO. 2010-35-W**

**Application of Pine Haven Water System  
for Approval of an Establishment of Water  
Rates and Charges for the Provision of  
Water Service in Pine Haven Subdivision -  
Garrett's Landing Subdivision in York  
County**

**TESTIMONY OF HANNAH K. MAJEWSKI**

**FOR**

**THE OFFICE OF REGULATORY STAFF**

**DOCKET NO. 2010-35-W**

**Application of Pine Haven Water System for Approval of an Establishment of  
Water Rates and Charges for the Provision of Water Service in Pine Haven  
Subdivision - Garrett's Landing Subdivision in York County**

**Q. PLEASE STATE YOUR NAME, BUSINESS ADDRESS AND  
OCCUPATION.**

A. My name is Hannah Majewski, and my business address is 1401 Main Street, Suite 900, Columbia, South Carolina 29201. I am employed by the State of South Carolina Office of Regulatory Staff ("ORS") as the Program Specialist for the Water and Wastewater Department.

**Q. PLEASE STATE YOUR EDUCATIONAL BACKGROUND AND  
EXPERIENCE.**

A. I received a Bachelor of Arts Degree in English from the University of South Carolina in 1990. I have been employed by the State of South Carolina approximately 20 years, the last three of which have been with the Office of Regulatory Staff's Consumer Services Department assisting electric and gas consumers. In July 2009, I became the Program Specialist for the Water and Wastewater Department.



1 A. Exhibit HKM-1 is a summary of the Pine Haven water supply system  
2 inspected by ORS on July 21, 2010.

3 **Water Supply/Distribution System**

4 Pine Haven currently provides adequate water supply services to its  
5 residential customers using a well. Safe drinking water standards are being met  
6 according to recent DHEC sanitary survey reports. DHEC rated the water system  
7 as "SATISFACTORY" during their last sanitary survey. Pine Haven currently  
8 has one 5,000 gallon storage tank. The Garrett's Landing Subdivision has not  
9 been completely developed and has the potential for additional growth. The Pine  
10 Haven Subdivision has been developed.

11 **Q. EXPLAIN THE PROPOSED REVENUE INFORMATION COMPUTED**  
12 **BY ORS FOR PINE HAVEN.**

13 A. Exhibit HKM-2 summarizes Pine Haven's revenues for water service that  
14 would be generated from the residential customers of Pine Haven and Garrett's  
15 Landing Subdivisions for a 12-month period. ORS used Pine Haven's current  
16 rates as indicated in its application for these calculations. ORS calculated Pine  
17 Haven's proposed operating revenues of \$14,820, which includes the 30  
18 residential users, three users for irrigation and four users who have a swimming  
19 pool.

20 **Q. WHAT AMOUNT DOES ORS RECOMMEND FOR PINE HAVEN'S**  
21 **PERFORMANCE BOND?**

22 A. Based on the pro forma expenses provided by Pine Haven and using the  
23 criteria set forth in 26 S.C. Code Regs. 712.3.1, ORS determined the amount of

Pine Haven's performance bond for water service should be \$100,000 (see Exhibit HKM-3). The bond amount was calculated using the utility's as adjusted expenses of \$13,996, minus \$2,594 in depreciation, for a total of \$11,402. ORS respectfully requests that the Commission require Pine Haven to obtain a performance bond amount for water operations in the amount of \$100,000 as it is in the public interest for Pine Haven to maintain a bond that satisfies the criteria as set forth in S.C. Code Ann. § 58-5-720 (Supp. 2009).

**Q. PLEASE EXPLAIN EXHIBIT HKM-4.**

A. Exhibit HKM-4 is a summary of Pine Haven's proposed rates.

**Q. PLEASE PROVIDE AN OVERVIEW OF THE SETTLEMENT AGREEMENT.**

A. The parties have agreed that their interests, as well as the interest of the public, would be best served by settling all pending issues in this proceeding. It is the position of ORS and Pine Haven, the only parties in this matter, that the Settlement Agreement, as presented to this Commission, is a fair, reasonable and full resolution to all issues in this proceeding. Further, the Settlement Agreement represents the public interest as it preserves the balance referred to in S. C. Code §58-4-10:

... 'public' interest means a balancing of the following:

- (1) Concerns of the using and consuming public with respect to public utility services, regardless of the class of customer;
- (2) Economic development and job attraction and retention in South Carolina; and



(3) Preservation of the financial integrity of the State's public utilities and continued investment in and maintenance of utility facilities so as to provide reliable and high quality utility services

All parties agree that the rates and charges set forth are necessary for Pine Haven to provide its residential customers with adequate water service. The Settlement Agreement provides proposed rates, terms, and conditions that are fair and reasonable to both the customer and Pine Haven. The utility is proposing a flat rate of \$40 a month for water, a flat rate of \$10.00 per month for the months of April through September for in-ground sprinklers, and a flat rate of \$10.00 per month for the months of April through September for pools with filter systems. A \$35.00 reconnection fee will apply to reconnect service. There will be no water tap fee.

The proposed rate schedule would provide an opportunity for the utility to earn total revenue of \$14,820. The adjusted operating expenses, including \$2,594 in depreciation, totaled \$13,996 with a net income of \$824. This results in a 5.56% operating margin for the utility. Pine Haven did not seek a specific operating margin in their application.

As stated earlier, it is the position of ORS and Pine Haven that this Settlement Agreement is fair and reasonable and represents full resolution of all issues in this proceeding, and I would request the Commission approve the Settlement Agreement as presented today.

**Q. DOES THAT CONCLUDE YOUR TESTIMONY?**

**A.** Yes it does.



## ORS WATER SYSTEM INSPECTION REPORT

### Inspection Overview

Date Inspected: 7-21-10

Inspector Name: Willie Morgan, Hannah Majewski

Docket Number: 2010-35-W

Utility Name: Pine Haven Subdivision Water System

Utility Representative: Carroll Norman

Number of Customers: 30

System Type (distribution, well, etc): Well

Location of System: Pine Haven Subdivision, Garrett's Landing Subdivision, Clover, SC

Location of Utility Office: 767 Pine Haven Circle, Clover, SC 29710

Treatment Type: None

Permit #: 204682

Last SC DHEC Compliance Rating: Satisfactory

Frequency checked by Licensed Operator: Weekly

Wastewater Provider: septic

### Inspection Overview

	System Components Inspected	Specific Type	#	P S I	Capacity	Compliance		Comments
						Yes	No	
1	Well Sites		1			X		Well approx 200 ft. deep
2	Pump Houses		1			X		
3	Storage Tank	Pressurized	1		5,000 gal.	X		A 7,500 gal. tank may be added to accommodate future development
3a	Storage Tank	Non-Pressurized						N/A
3b	Storage Tank	Overhead						N/A
4	Chlorinator							None
5	Other Chemicals in use							None
6	Meters							No meters in use
7	Fire Hydrants							None
8	Electrical Wiring acceptable					X		
9	Piping acceptable					X		
10	Water free of air							Did not observe
11	Water free of sand							Did not observe
12	Water clarity							Did not observe
13	System free of leaks					X		
14	Water free of observed odor							Did not observe
15	Access road adequate					X		
16	Ability for service area to expand					X		

### Additional Comments:

49 lots total in both subdivisions. Only 30 lots are developed.

PINE HAVEN SUBDIVISION WATER SYSTEM  
2010-35-W  
REVENUE IMPACT ANALYSIS

Exhibit HKM-2

**Calculated Revenue Overview**

Service Type	Customer Classification	Months of Use	Service Units	Base Facility Charge (BFC)	Calculated Revenues (1)
Water	Residential	12	30	\$40.00	\$14,400
	Sprinkler Charge	6	3	\$10.00	\$180
	Pool Charge	6	4	\$10.00	\$240
Total Operating Revenues					\$14,820

Calculation Methodology:

(1) Sprinkler charges and pool charges are only applied for the months of April through September

Pine Haven Subdivision Water System  
2010-35-W  
Performance Bond Requirement

Exhibit HKM-3

Bond Value Components	Pine Haven Subdivision Water System - Water	
	Per Company Application	As Adjusted
Property Taxes	\$480	\$480
Testing for lead and copper	\$950	\$950
Water Test - J & G Environmental	\$1,380	\$1,380
DHEC - Water Fee	\$850	\$850
Water Distribution License & Training	\$250	\$250
Maintenance and Repair	\$3,000	\$3,000
Billing and Administration	\$3,400	\$3,400
Power	\$800	\$800
Taxes other than income	\$0	\$96
Income Taxes	\$0	\$196
<b>Bond Value Requirement</b>	<b>\$11,110</b>	<b>\$11,402</b>
<b>Performance Bond Structure</b>	<b>Bond Value</b>	<b>Expiration Date</b>
<b>Total Financial Assurance</b>	<b>\$100,000</b>	

**Pine Haven Subdivision Water System  
Docket 2010-35-W  
Rates Overview**

Exhibit HKM-4

FLAT RATE OF	\$40.00 PER MONTH
SPRINKLER CHARGE	\$10.00 PER MONTH
POOL CHARGE	\$10.00 PER MONTH
RECONNECTION FEE	\$25.00 PER OCCURANCE

The "Sprinkler Charge" is applied to users with an in-ground irrigation system with sprinkler heads or in-ground soaker pipes. The system shall be controlled by a timer or manual controls. The charge is only applied for the months of April through September.

The term pool shall apply to any above ground or in-ground swimming pool that has a filter system to maintain water quality. The pool charge is only applied for the months of April through September which is the normal and customary operation times for pools.

**BEFORE**  
**THE PUBLIC SERVICE COMMISSION**  
**OF SOUTH CAROLINA**  
**DOCKET NO. 2010-35-W**

IN RE:

Application of Pine Haven Water System for  
Approval of Water Rates, Terms and  
Conditions

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**CERTIFICATE OF  
SERVICE**

This is to certify that I, Chrystal L. Morgan, have this date served one (1) copy of the **JOINT REQUEST FOR SETTLEMENT HEARING** in the above-referenced matter to the person(s) named below by causing said copy to be deposited in the United States Postal Service, first class postage prepaid and affixed thereto, and addressed as shown below:

Carroll Norman  
767 Pine Haven Circle  
Clover, SC, 29710

  
Chrystal L. Morgan

August 26, 2010  
Columbia, South Carolina